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## **MEMORANDUM**

**TO:** Executive Directors, DSN Boards  
CEOs, Contracted Qualified Providers

**FROM:** Beverly A.H. Buscemi, Ph.D., State Director *Beverly A. Buscemi PhD*

**RE:** Medicaid Rate Reductions and Co-Payments

**DATE:** March 7, 2011

Last Friday afternoon, the Department of Health and Human Services (DHHS) released a bulletin announcing their plans to implement a 3% rate reduction for most providers, effective April 4, 2011 pending legislative approval (attachment 1). Services/Providers excluded from this reduction include services that state agencies' provide through their delivery systems. DDSN services such as those you provide directly through Home and Community Based Waivers, ICF/MRs and Early Intervention are all exempt from this rate reduction. Services such as personal care, ADHC, inpatient and outpatient hospital care and nursing will receive the rate reduction.

In addition, please recall that in a December 14, 2010 Medicaid Bulletin, DHHS intends to implement the increased co-payments for state plan Medicaid services to certain Medicaid beneficiaries effective April 1, 2011 (attachment 2, Item #5). In addition, all Waiver recipients age 19 and older will now be subject to the new co-payments for the state plan services identified in that Medicaid bulletin.

DDSN is studying the impact of these Medicaid actions to its providers' rates and band payments. We have no plans to further reduce rates or band payments at this time. I will provide an update at the next Commission meeting and will review in greater detail with providers at the DDSN Funding Committee meeting on March 22, 2011 at 1:00 p.m. in Room 251 here at DDSN Central Office. The meeting will be videoconferenced at Whitten, Coastal and Pee Dee Centers for your convenience. All are welcome. In the meantime, if you have any specific questions, please call Kathi Lacy or Tom Waring.

Attach. (2)

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## MEDICAID BULLETIN

**TO: All Providers**

**SUBJECT: Medicaid Rate Reduction**

In anticipation of the General Assembly's final approval of S.434, a Joint Resolution allowing the South Carolina Department of Health and Human Services (SCDHHS) to pursue cost efficiencies, SCDHHS will reduce the reimbursement amount to providers by 3% effective for dates of service on or after April 4, 2011. This reduction in reimbursement rates will also be reflected in the April, 1, 2011 Managed Care Organization capitation rates, along with additional cost savings strategies.

This action allows SCDHHS to partially address the budget deficit for State Fiscal Year 2011. It also serves as a baseline adjustment for expected further reductions in State Fiscal Year 2012 which will be implemented on a case by case basis and announced in future bulletins.

In compliance with federal regulations, at this time, we are excluding or limiting certain provider groups from this reduction to include Hospice, Medicare Buy In Premiums, Catawba Service Unit, Federally Qualified Health Centers (FQHC) and Rural Health Centers (RHC).

Should S.434 not be passed as anticipated, SCDHHS will not implement this reduction as stated.

Thank you for your continued support of the South Carolina Medicaid program. Please call your program area should you have any questions.

Anthony E. Keck  
Director

AEK/gm

**Note:** To sign up for Electronic Funds Transfer of your Medicaid payment, please go to <http://www.dhhs.state.sc.us/dhhsnew/hipaa/index.asp> and select "Electronic Funds Transfer (EFT)" for instructions.

**3. The following service eliminations for the Community Long Term Care (CLTC) Program are effective for dates of service on or after April 1, 2011:**

- Chore service
- Appliance service
- Nutritional supplements – *reinstated*
- Adult day health care nursing service
- Respite service – *reinstated*

**4. The following service reduction for the Community Long Term Care (CLTC) Program is effective for dates of service on or after April 1, 2011:**

- Home delivered meals will be reduced from 14 to 10 meals per week – *reinstated*

**5. Increase in Co-Payments Effective for dates of service on or after April 1, 2011:**

**Beginning April 1, 2011, SCDHHS will increase co-pays for certain visits. However, the following categories are exempt from co-pays:**

- Children under 19 years of age
- Pregnant women
- Individuals receiving Family Planning services
- Institutionalized individuals
- Individuals receiving emergency services
- Federally-recognized Native Americans

*Includes People  
Participating in  
a home & community-  
based waiver ≥ age 19*

**All other Medicaid beneficiaries will be subject to the following changes:**

	<u>Old</u>	<u>New</u>
• Office Visits (Physician, Nurse Practitioner, Licensed Midwife)	\$2.00	\$2.30
• Chiropractor	\$1.00	\$1.15
• Home Health	\$2.00	\$2.30
• Clinic Visits	\$2.00	\$2.30
• Prescription Drugs	\$3.00	\$3.40
• Outpatient Hospital	\$3.00	\$3.40
• Non-Emergent Services in the Emergency Room	\$3.00	\$3.40
• Medical Equipment and Supplies (co-pay will vary)	\$0-3.00	\$ .60-\$3.40